

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 1999-460-C - ORDER NO. 2000-604

JULY 25, 2000

IN RE: Application of Hotel Connect Management,)	ORDER
Inc. for a Certificate of Public Convenience)	GRANTING
and Necessity to Provide Intrastate)	CERTIFICATE
Telecommunications Services and for)	
Alternative Regulation)	

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of Hotel Connect Management, Inc. ("HCM" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of interexchange telecommunications services within the State of South Carolina. The Company's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1999) and the general regulatory authority of the Commission. By its Application, HCM also requested alternative regulation of its business services offerings identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C and requested waiver of certain Commission regulations.

The Commission's Executive Director instructed HCM to publish, one time, a Notice of Filing in newspapers of general circulation in the areas of the state affected by the Application. The purpose of the Notice of Filing was to inform interested parties of

the Application of HCM and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. HCM complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene or Protests were filed.

A hearing was convened on June 7, 2000, at 10:30 a.m. in the Commission's Hearing Room, Columbia, South Carolina. The Honorable Philip T. Bradley, Chairman, presided. HCM was represented by Bonnie D. Shealy, Esquire. Florence P. Belser, Staff Counsel, represented the Commission Staff.

Larry Trudell, Chief Operating Officer of HCM, appeared and testified in support of the Application. The record reveals that HCM is a privately held Nevada corporation which is registered to transact business in South Carolina as a foreign corporation. According to Mr. Trudell, HCM proposes to offer operator assisted services, direct dial, inbound toll free service, and travel card service. HCM's services will be provided to both residential and business customers, and HCM will offer its services twenty-four hours per day, seven days a week. HCM does not own any network switches or transmission facilities and will operate as a reseller of services. Mr. Trudell explained the Company's request for authority, and the record reveals the Company's services, operations, and marketing procedures.

Mr. Trudell also discussed HCM's technical, financial, and managerial resources to provide the services for which it seeks authority to provide. Mr. Trudell offered that HCM possesses sufficient financial resources to support its operations in South Carolina. A review of the financial documents submitted as a supplemental exhibit to the

Application reveal a healthy current ratio. With regard to management and technical capabilities, Mr. Trudell stated that he had served as president of an operator service company and had previously held management positions in other companies. Further, all assets and personnel from Mr. Trudell's operator service company are now with HCM. A review of the "Profiles of Key Personnel" submitted with the Application indicate several members of HCM's management team with significant experience in the telecommunications industry as well as other significant business experience. Finally, Mr. Trudell testified that HCM will operate in accordance with Commission rules, regulations, guidelines, and Commission Orders.

Mr. Trudell also offered that approval of HCM's application would serve the public interest by increasing the level of long distance competition in South Carolina, by providing a high-quality alternative of long distance service, and by increasing consumer awareness of options and services available, thus encouraging the growth and success of competitive services.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. HCM is organized as a corporation under the laws of the State of Nevada and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. HCM operates as a non-facilities based reseller of interexchange services and wishes to provide its services in South Carolina.

3. HCM has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to HCM to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through its own facilities and through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for HCM for its resale of residential services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. HCM shall not adjust its residential rates below the approved maximum level without notice to the Commission and to the public. HCM shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public

notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for residential services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1999).

4. With respect to HCM's business service offerings including credit card services, operator services, and customer network offerings, the Commission adopts a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. Under this relaxed regulatory scheme, tariff filings for business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the Commission institutes an investigation of a particular tariff filing within the seven days, the tariff filing will then be suspended until further Order of the Commission. Any relaxation in the future reporting requirements that may be adopted for AT&T shall apply to HCM also.

5. If it has not already done so by the date of issuance of this Order, HCM shall file its revised tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

6. HCM is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

7. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

8. HCM shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If HCM changes underlying carriers, it shall notify the Commission in writing.

9. With regard to the origination and termination of toll calls within the same LATA, HCM shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dialing parity rules established by the Federal Communications Commission, pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209).

10. HCM shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

11. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests

and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. HCM shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. Attachment B shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

12. As HCM proposes to provide operator services, HCM shall comply with the following conditions:

- (a) Regarding the provision of operator services, HCM shall comply with the Operator Service Provider Guidelines approved in Order No. 93-534, issued in Docket No. 93-026-C.
- (b) For intrastate 0+ operator assisted and calling card calls originating from pay telephones outside confinement facilities and at aggregator locations, HCM may not impose operator service charges greater than the intrastate charges then currently approved for AT&T. For the usage portion of the call, HCM may not charge more on interLATA calls than the intrastate interLATA rates charged by AT&T Communications for interLATA calls or on intraLATA calls than the intraLATA rates charged by BellSouth Telecommunications for intraLATA calls.
- (c) HCM is allowed to incorporate in its tariff a surcharge (property imposed fee) on operator-assisted and calling card calls not to exceed \$1.00 for calls

originating from payphone (excluding pay telephones associated with inmate calling service) and from aggregator locations, only if the property owner has not added a surcharge already. That is, HCM may not impose an additional surcharge to calls originating from pay telephones and from aggregator locations if a property owner has already imposed such a surcharge. If such a surcharge is applied by HCM on behalf of the property owner, HCM is directed to pay the surcharge in its entirety to the property owner. Further, if the surcharge is applied, the end user should be notified of the imposition of the surcharge. This notification should be included in the information pieces identifying HCM as the operator service provider at that location.

- (d) HCM is required to provide information pieces to pay telephone service providers or property owners identifying HCM as the provider of the operator service for authorized calls originating from the location. HCM is required to brand all calls identifying itself as the carrier. The information pieces shall be consistent with the format approved by the Commission in Order No. 93-811, issued in Docket No. 92-557-C.

13. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

14. At the hearing, HCM requested a waiver of Reg. 103-610, which requires that records required by the Commission's Rules and Regulations be maintained in South Carolina. The record reveals that HCM's principal headquarters will be located in Westminster, Colorado, and HCM requests permission to maintain its books and records

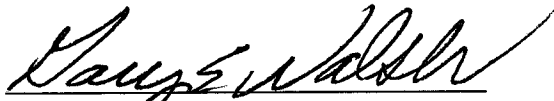
at its headquarters in Colorado. The Commission finds HCM's requested waiver reasonable and understands the difficulty presented to HCM should the waiver not be granted. The Commission therefore grants the requested waiver that HCM be allowed to maintain its books and records at its principal headquarters. However, HCM shall make available its books and records at all reasonable times upon request by the Commission or the Commission Staff, and HCM shall promptly notify the Commission if the location of its books and records changes.

14. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

**ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'**

COMPANY NAME	FEIN
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ADDRESS	PHONE NUMBER
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CITY, STATE, ZIP CODE	FAX NUMBER
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1. SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31, 2000 OR FISCAL YEAR. \$ _____
2. SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31, 2000 OR FISCAL YEAR. \$ _____
3. RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS FOR THE 12 MONTHS
ENDING DECEMBER 31, 2000 OR FISCAL YEAR:

Gross Plant in located or allocated to South Carolina operations \$ _____

CWIP located in or allocated to South Carolina operations \$ _____

Land located in or allocated to South Carolina operations \$ _____

Accumulated Depreciation of South Carolina Plant (\$ _____)

Net Rate Base located in or allocated to South Carolina operations \$ _____

4. PARENT'S CAPITAL STRUCTURE FOR THE 12 MONTHS ENDING
DECEMBER 31, 2000 OR FISCAL YEAR:

LONG TERM DEBT \$ _____

EQUITY \$ _____

5. PARENT'S AVERAGE RATE OF INTEREST ON LONG TERM DEBT _____ %.

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ATTACHMENT A

6. CONTACT PERSON FOR ALL FINANCIAL INQUIRES AND REPORTING:

NAME _____

ADDRESS IF DIFFERENT FROM COMPANY _____

TELEPHONE NUMBER _____

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS

FOR INTEREXCHANGE COMPANIES AND AOS'

- 7. ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3 ABOVE)(USE BACK IF NEEDED).**

NAME OF OFFICER SIGNING FORM (PRINT OR TYPE) _____

SIGNATURE _____

TITLE _____

AUTHORIZED UTILITY REPRESENTATIVE INFORMATION

PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION REGULATION

103-612.2.4(b) - Each utility shall file and maintain with the Commission the name, title, address, and telephone number of the persons who should be contacted in connection with General Management Duties, Customer Relations (Complaints), Engineering Operations, Test and Repairs, and Emergencies during non-office hours.

Company Name (Including dba Name(s) or Acronyms used or to be used in South Carolina)

Business Address

City, State, Zip Code

A.

General Manager Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

B.

Customer Relations (Complaints) Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

C.

Engineering Operations Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

D.

Test and Repair Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

E.

Contact for Emergencies During Non-Office Hours (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

F.

Financial Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

G.

Customer Contact Telephone Number for Company (Toll Free)

This form was completed by

Signature

**If you have any questions, contact the Consumer Services Department (803-896-5230)
or Utilities Department at (803-896-5105).**